

Message Text

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C O N F I D E N T I A L USNATO 04420

E.O. 11652:GDS
TAGS: EFIN, EGEN, UR, NATO,
SUBJECT: ECONADS: APRIL 27-28 REINFORCED MEETING ON
SOVIET BALANCE OF PAYMENTS

REF: (A)USNATO 4120; (B)USNATO 3846, (C)AC/127-D/566

1. AS FORESEEN IN REFTELS, APRIL 27-28 REINFORCED
MEETING PROCEEDED ON BASIS OF US PAPER (REF C) AND
PROPOSED AGENDA. IN ADDITION TO US, UK, CANADIAN,
AND GERMAN EXPERTS NOTED IN PREVIOUS REPORTING, NETHERLANDS
(KRANEVELD, MINECON) DENMARK (ANDREW JENSEN, MFA SOV/EE
COMMERCIAL AFFAIRS OFFICER RECENTLY RETURNED FROM
MOSCOW) AND FRANCE (CDT. VIDELO, SGDN, AND SOKOLOFF,
WILD, AND MME. LEMOINE, GEPI) ALSO FIELDDED PARTICIPANTS.
MACHOWSKI PAPER ON SOVIET BOP, BEING POUCHED TO RPE-
KURSCH, AND MOSCOW, WAS CIRCULATED AT MEETING AND
DISCUSSION BY MME. LEMOINE OF METHODOLOGICAL PROBLEMS IN
ASSESSMENT OF EE HARD CURRENCY DEBT WAS CIRCULATED -
THUS FAR ONLY IN FRENCH LANGUAGE VERSION - AS AC/127-
WP/568. ED/EC/78/32, ECONADS CHAIRMAN'S NOTE ON
"OFFICIALLY-BACKED CREDITS GRANTED BY NATO COUNTRIES
TO THE COMMUNIST COUNTRIES IN 1975 AND 1976", WAS ALSO
DISCUSSED.

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2. ACTIVE, FAST MOVING DISCUSSION WAS VERY LARGELY IN
QUESTION-AND-ANSWER FORMAT WITH US EXPERTS (KOVACH, GULLO,
HEISS, KRAVALIS, AND DAMERON) RESPONDING TO QUERIES FROM
OTHERS INTENDED TO VALIDATE AND AMPLIFY DATA (UPDATED
AS FIRST ORDER OF BUSINESS BY US EXPERTS ON BASIS MORE
RECENT DATA) IN US PAPER, ALTHOUGH UK, FRENCH, AND

GERMAN EXPERTS ALSO MADE SIGNIFICANT INTERVENTIONS.

3. US ESTIMATES OF SOVIET BOP COMPOSITION WERE GENERALLY ACCEPTED BY OTHER COUNTRIES' EXPERTS. THERE WAS SOME DISCUSSION IN THE ROLE OF CREDITS IN SOVIET BALANCE OF PAYMENTS AND IT WAS GENERALLY AGREED THAT THERE EXISTS SOME SOFTNESS IN ESTIMATES OF BORROWING, PARTICULARLY SHORT TERM. ALL DELEGATES STRESSED NEED FOR BETTER REPORTING OF CREDITS, IN THE FIRST INSTANCE BY BANKS AND SECONDLY BY INTERNATIONAL ORGANIZATIONS.

4. PROSPECTS FOR SOVIET TRADE POLICY VIS-A-VIS THE WEST WERE DISCUSSED. EXPERTS AGREED THAT SOVIETS WILL CONTINUE TO LOOK UPON THE WEST AS MAJOR SOURCE OF GOODS AND TECHNOLOGY, PARTICULARLY IN AREA OF ENERGY EQUIPMENT. ON THE OTHER HAND, SOVIET ABILITY TO EXPORT WAS SEEN AS A FUNCTION OF WESTERN DEMAND AND PRICE AND IN THE LONGER TERM, SOVIET SUPPLIES OF OIL.

5. FOLLOWING COMPLETION OF AGENDA, EXPERTS MET INFORMALLY WITH ECONOMIC DIRECTORATE OFFICIALS TO SKETCH GENERAL LINES OF ECONADS SUMMARY REPORT OF THE SESSION FOR SUBMISSION TO THE COUNCIL. HOPEFULLY, THIS SHOULD BE AVAILABLE FOR REVIEW IN CAPITALS MORE PROMPTLY THAN HAS BEEN RECENT PRACTICE.
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6. IN CLOSING, ECONADS CHAIRMAN BILLY PAID SPECIAL TRIBUTE TO IMPORTANT PERSONAL CONTRIBUTION OF US EXPERT TEAM TO SUCCESS OF THE MEETING. US ECONAD SHARES THAT ASSESSMENT. BENNETT

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